

Debt Reduction Program

NICARAGUA

SECTOR: Finance

PROJECT NAME: Debt Reduction Program
(951/SF-NI)

FINANCING:
IDB \$40 million

DATE OF APPROVAL: July 19, 1995

GENERAL DESCRIPTION: The objective of this program is to support debt reduction operations that will stabilize the economy and lay the groundwork for future sustainable growth.

The program will be part of a concerted effort by the Bank, the World Bank and bilateral donors to help Nicaragua buy back a significant portion of its external debt to commercial banks. The operation will also facilitate the execution of the stabilization, adjustment and structural reform programs that the government is carrying out and of those that it plans to implement with the assistance of international financing agencies.

The loan complements other Bank programs: (a) sector adjustment and reform operations (trade, finance and agriculture); (b) improvement of public enterprise management and State modernization; (c) investment sector operations; and (d) modernization of the healthcare system. Successful reduction of the debt will enable the country to continue its current economic plan to achieve growth and reduce poverty.

CONSULTANTS: A firm of independent auditors will be hired.

EXECUTING AGENCY: Central Bank of Nicaragua

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